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MONTHLY NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS
Realty Trust Review

July 21, 1970

## MORTGAGE TRUSTS FACE THEIR SUMMER OF DISCONTENT

Like a sudden summer storm, dark clouds have suddenly loomed over the mortgage investment trusts. The storm broke with filing of two major bankruptcies, that of Penn Central Transportation Co. and Four Seasons Nursing Centers of America both now in reorganization under Federal court protection.

These twin filings had the effect of casting in question the viability of mortgage trusts in two major areas: their ability to issue commercial paper in the future and the soundness of their mortgage portfolios. At this writing there is no easy answer to either question. The events serve to drive home to investors the real risks inherent in construction and development lending.

The loans-how bad? Concern on the lending portfolios centers on construction and development loans made to Four Seasons Nursing Centers and Great Southwest Corp., 90% owned by the holding company that also owns the Penn Central railroad. As reported in May RTR, *Midland Mortgage Investors* of Oklahoma City has been lead trust in participations in nursing center construction loans made to Four Seasons. Four other trusts have participated in these loans, with *U.S. Realty Investment* saying publicly that it was one of the four. Two others are believed to be *Cameron-Brown*, which bought its participations as part of its initial portfolio, and *Palomar Mortgage*, which listed a nursing center loan in Oklahoma City in a recent prospectus.

The Great Southwest situation is much more specialized, with the ills of the stricken rail giant causing banks and other mortgage lenders to suddenly re-evaluate their lending policies to GSC and other companies in the Penn Central orbit. GSC and the other Penn Central subsidiaries, principally Arvida Corp. of Miami, are technically not involved in the Penn Central reorganization, although the extent of disengagement is uncertain. All the stock of Pennsylvania Co., the holding company for all the Penn Central realty companies, is apparently pledged for $300 million in loans extended by a group of banks to the parent holding company in anticipation of public financing that never materialized. GSC management would undoubtedly like to be free of entanglement in the railroad's legal difficulties but attorneys who've looked into the situation say that there appears to be no quick exit. Impressive rescue efforts are underway.

Days before the Penn Central bankruptcy filing, GSC and its Los Angeles affiliate, Macco Realty, told one trust that it had C&D loans outstanding with 17 realty trusts. Our inquiries indicate that most of the Los Angeles based trusts hold some loans to Macco, but that none are in default at this writing.

How dangerous are the risks of loss for these trusts? We have said on other occasions that in distress situations the first mortgage lender holds all the cards, if



*Published Monthly Subscription $60 annually*

he has done his underwriting and appraisal properly, and we have no reason to change that opinion. Exposure in the current situations is of two kinds: the concentration of loans to any one company in any one portfolio and the risk of actual loss.

Midland Mortgage, for instance, holds about $1.8 million in loans to Four Seasons and has acted as lead trust for another $5.3 million loans on 10 centers. Other trusts have loaned Four Seasons about another $3 million on three other centers. Midland's holdings amount to slightly less than 6% of its $29.6 million loan portfolio at June 30. Five of the ten centers in which Midland and its participants hold interests are completed and the other five are all over 80% completed. Midland believes it is adequately secured and in fact has decided to continue accruing interest on the Four Seasons loans.

U.S. Realty Investment of Cleveland made seven transactions with Four Seasons during 1968 and 1969. The trust says it purchased first mortgage loans approximating $2 million on six separate centers in six cities, and that the outstanding balance is $1,919,000. The mortgages are secured by properties owned by various groups including local investors and in some cases Four Seasons itself. In addition USRI purchased a nursing home in Arlington, Tex. for $170,000 cash over mortgages of $500,000 and leased it to a group of investors which includes Four Seasons. USRI's total investment is about 2½% of total assets and interest and rental income represents about 2% of gross income. All transactions were in good standing on June 30.

In the case of Great Southwest, here again trust exposure appears limited. Mortgage Investment Group, a Los Angeles trust specializing in major loans, confirms that it holds loans on two Los Angeles area apartments to Macco and a land development loan in southern California. MIG also holds loans on two apartment buildings of I.C. Deal of Dallas before it was acquired by GSC. In all instances MIG believes it is adequately secured, the trust noting that one LA apartment is complete and substantially rented while the other is 70% complete.

The source of losses. The pressure on mortgage trusts is actually nothing new. The two oldest trusts, *Continental Mortgage* and *First Mortgage*, have both gone through some celebrated bankruptcies of the past with minimal to non-existent losses. In fact, the largest single loss ever written off by a trust was $66,300 by Continental in its fiscal 1967 and came from a mudslide that destroyed a southern California apartment. The mudslide was uninsurable, although CMI is still trying to collect from the insurance company covering the soils engineer on the project.

Both Continental and First were lenders to Lusk Corp., a Tucson, Ariz. home-building company that had sales of about $25 million when it toppled into bankruptcy in October 1965. Both trusts collected --a total of about $3 million-- from a title insurance company which had agreed to see that trust disbursements were paid to subcontractors on a St. Louis townhouse project. Lusk's computer showed checks to the subs were written but somehow the checks wound up in a drawer and the funds routed to another part of the Lusk operation. The title company paid off on the maldisbursement.

In similar fashion these two trusts have come out whole on most of the other celebrated failures of the housing and construction industry in the past decade. Realized losses for Continental and First have been 0.07% and 0.01% of funds advanced. On Dec.30, 1969, 1.2% of Continental's portfolio (or $3.1 million) was 90 days or more delinquent, and another $2.1 million was in foreclosed property. On Oct. 31, 1969, First had $1.5 million (or 1.05% of investments) in loans in arrears and properties valued at $2.1 million taken over after foreclosure.

What has changed this time is that the failures involve large and highly visible public companies. With a larger and larger share of housing and construction now being done by public companies, many more distress situations can be expected to be put on view for investors in the future. Each instance and each trust holding must be examined on its merits. For many new investors in trust shares, the trip hammer effect of the Penn Central-Great Southwest and Four Seasons episodes has come as an unpleasant and chilling shock. The important thing is to realize that loan risks of these types are not new, and that over-reaction or panic by investors is not warranted.

Tougher rollover? The Penn Central fall, triggered by that company's inability to roll over its commercial paper, has had a sobering impact on buyers of these short-term obligations. Some have predicted long-term adverse effects upon the ability of all companies and particularly mortgage trusts to continue raising funds via this route. In the bond market, spreads up to 2% developed in bonds with the same quality rating as buyers began making very sharp distinctions about company finances.

*Realty Trust Review's* soundings with financial officers of the big commercial paper issuers among the trusts indicate there has been very little impact in the three weeks since the Penn Central debacle. For instance, *First Mortgage*, which places its own paper through a two-man sales force, wound up selling $11 million on July 17, a day it had $9.7 million coming due. The trust's outstanding paper is expected to end the July six-month period at essentially the $71 million as its January 1970 fiscal year. FMI is paying 8¼% currently for its borrowings, about 3/8% below the rate on dealer-placed paper. *Great American Mortgage* is the other direct-placement paper seller, and it too appears to be having no difficulty in maintaining rollover.

Dealer-placed paper users include Continental, the second oldest mortgage trust, Mortgage Investment Group and Guardian Mortgage, the latter two second generation trusts organized within the last 18 months. All three trusts sell through Lehman Bros. Continental says it currently has about $33.5 million in paper outstanding now, vs. about $31 million at its March 1970 fiscal year-end. The trust says it is paying 8½% including a 1/8% dealer placement fee. Continental reports sales to commercial banks holding up well while First says it is finding its best demand from corporate treasurers wishing to invest idle corporate funds. MIG says it is rolling some of its paper back into bank lines to avoid over-exposure in this area.

RTS's advice. On balance, fears that the Penn Central derailment will lead to wholesale losses in trust portfolios or choke off commercial paper as a borrowing source appear overdrawn at best. Defaults and foreclosures are a normal part of C&D lending--and are part of the reason such loans command higher interest rates--and the exposure trusts face in lending to highly publicized companies is the same faced by trusts lending to less nationally known builders and developers. The publicity in some of the cases mentioned above has indeed brought trusts like Midland and MIG into a range where they may be bought for their longer-term potentials.

## TRUST OFFERINGS PERK UP AS THREE INSTITUTIONAL TRUSTS DEBUT

New life is creeping back into the market for new trust issues, although getting a new trust off the ground still requires massive selling and impressive sponsorship. New trusts bowing during the past month include those sponsored by Bank of America, the nation's largest commercial bank; Well Fargo, another major West Coast bank; and Beneficial Standard Insurance Co. of Los Angeles. Offering details:

| Date | Trust | Offering | Unit price | ---Gross proceeds--- Equity | Debt | Total |
|---|---|---|---|---|---|---|
| 6/30 | Wells Fargo Mtg. Inv. | 3,750,000 un. of 1 sh. & 1 wt. | $ 20 | 75.0 | ---- | 75.0 |
| 7/16 | Bk. Amer. Realty Inv. | 85,000 un. of 30 sh. & $300 prin. 6 3/4% cv. deb. | 900 | 51.0 | 25.5 | 76.5 |
| 7/17 | Beneficial Std. Mtg. | 750,000 un. of 1 sh. & 1 wt. | 20 | 15.0 | ---- | 15.0 |
| | | TOTALS | | $141.0 | $25.5 | $166.5 |

The $166.5 million gross proceeds represented an overall 36% reduction from original filings. Wells Fargo fared best, accepting a 25% cutback from $100 million. Beneficial Standard took a 40% reduction from its original filing of $25 million and BankAmerica scaled back its offering by 43.3% from an original $135 million.

*Lomas & Nettleton Mortgage* raised about $18 million net with an offering of 720,000 shares at $27½, scaled back from 800,000 shares initially sought. L&NMI share prices held up well even through the trust is the first one under a new SEC position requiring trusts to amortize loan discounts when the discounts are a material part of earnings. In the L&NMI case, earnings were restated downward by $0.22/share in both the December and March quarters and by $0.07/share in the June quarter. The divergence between these two accounting methods should disappear in two to three more quarters. Since the discounts are considered income for tax purposes, L&NMI is paying dividends on the accounting method frowned upon by SEC.

*Well Fargo Martgage Investors* is expected to put some portion of assets into long-term mortgage loans and has power to invest up to 20% of assets in equity participations. The parent Wells Fargo Co. has agreed to guarantee up to $100 million of commercial paper for the first two years of operations. Carl Reichardt is president of the adviser and Ernest Arbuckle chairman of the trust. Address: Wellsco Real Estate Management, 464 California St., San Francisco, Calif. 94120.

*Bank America Realty Investors* intends to stress equity investments and long-term first mortgage loans, often with equity participations. Initial investments will be on short-term mortgages, however. D.Clair Sutherland, a retired executive vice president of B of A is trust chairman and Alvin C. Rice president of the adviser. Address: Bank of America Center, San Francisco, California 94104.

*Beneficial Standard Mortgage* Investors will concentrate in shorter term investments. It is affiliated with Beneficial Standard Corp., holding company with insurance and real estate interests. Winthrop T. Hovey is president of both the trust and the manager. Offices: 3700 Wilshire Blvd., Los Angeles, Calif. 90054.

New filings include a proposed $100 million offering (half convertible debentures) by MassMutual Mortgage & Realty Investors, affiliated with Massachusetts Mutual Life Insurance Co., and a $50 million proposed offering by Bessemer Mortgage Investors of Atlanta. Bessemer would stress intermediate and long-term mortgages, and is affiliated with Bessemer Securities, the realty development arm of the Ogden Phipps interests.

New trust offerings now total $633.3 for the year, compared to $750 million for all of last year. Withdrawal of a number of very old filings and the trickle of new filings has cut the shelf of pending registrations to $620 million by 22 trusts, down from a total of over $1 billion early this year.

## GENERAL MORTGAGE INVESTOR: HOW IT GOES FOR A SMALL, CONSERVATIVE TRUST

When it went public 18 months ago as one of the first of the second generation trusts, GMI followed all the rules of the business as they existed then: shareholders' equity invested

in low-yielding FHA and VA loans, no construction loans without a permanent take-out commitment. But the third and fourth generation trusts have passed GMI's conservative ways as wrap-around loans, gap commitments and other specialized lending forms, often involving second mortgages, have arrived on the trust scene. Too, GMI's $13.8 million stockholder's equity is now very near the smallest in an industry with $100 million and upward institutional trusts crowding in.

Where does all this leave GMI? And more importantly, is it now a worthy investment vehicle?

GMI's conservative approach appears to have stood it in good stead so far. Some of GMI's rules are fairly standard: no more than 10% of capital (or about $1.4 million) can be loaned to one borrower and no more than 20% of capital can be tied up in development loans. Whether by luck or prudence, as a result, GMI has avoided involvement with some of the big-name problems now worrying industry observers, as detailed on page 1.

While this conservative bent may not allow spectacular growth, a respectable rate should be achieved. Management's goal is 10% in poor years and 20% in good years. While about half of the portfolio is committed to lower yielding VA and FHA loans, this appears a minor long term limitation. An excellent credit base is provided. Government insured loans are unemcumbered and may be sold to FNMA at small cost. GMI has presently limited this borrowing to four times these loan balances but this could be changed if desired with stockholder approval. Moreover, as the construction and development loan portfolio grows, the lower yielding portion becomes relatively less important and could go down to 20% in a few years if managements growth plans work.

Another profit benefit is the escrow accounts that are part of the FHA package may be utilized for compensating balances of GMI's bank lines. By so investing original proceeds the trust was not under pressure to make large commitments.

Small, independent, nationwide. Not being affiliated with a insurance company, bank or other financial complex gives GMI some strengths. GMI started small and has been building its own management capability and a national network of banks, mortgage bankers and other allied contacts and consultants. The decision for a small trust to go national rather than regional has its cons as well as its pros. The greatest advantage of a regional trust is management's knowledge of its local area. A national must rely on others when dealing outside its locale. We believe, however, the positives outweigh the negatives when properly administrated. A regional approach can provide lower risk but if that area becomes competitive, a trust operating therein will find its rates under pressure. Being nationwide enables a trust to seek the best markets. To counteract risks, GMI has taken precautions and established ties with five regional engineering firms and five regional law firms. It relies on local banks for first hand knowledge of the borrower and the property. These banks also are in contact with subcontractors, suppliers and other creditors. Local bank ties-ins eliminate franchise and income tax problems for an out-of-state trust. If a loan is initiated by a correspondent bank, GMI requires it to take down at least 10% of the loan. Currently, there is contact with 42 banks, quotes from 35 and regular business is done with 15.

GMI has been developing internally also. Its three top managers can handle different types of construction loans. It can place $25 million annually even though present placements are running $15 million. This trust wants to be able to maintain a consistent growth rate rather than be caught short of staff when financing is obtained and roll over gets heavier. The managers have originated 80% of the loans and over $10 million in participations have been sold to other trusts. Mobility and flexibility have also helped. Rates got heavy in the Midwest after some of the new trusts came in. GMI then moved into single family homes where the yield is higher and picked up some FHA and HUD items. Additionally, the South and Southwest were entered. Single family is more difficult to handle but safer for the trust.

The portfolio is already 50% single family homes. Yields have been going up for a year, especially for singles. Management is relying on FNMA to remain high.

Borrowing intentions. The trust would like to sell $20 million of subordinated debt as soon as feasible. After this, it will go into the commercial paper market where it can borrow cheaper. A line of bank credit for $14 million is available of which $6.95 million has been taken down.

Appraisal. The stock at $10½-OTC is conservatively valued relative to book ($13.84) and earnings. We look for earnings of about $1.15 this year based on current placements. For those willing to forgo prime sponsorship, GMI has the makings of a potentially attractive trust investment.

## THE MARKETS: PRICES AND VOLUME TURN UP AFTER SINKING SPELL

Trading volume expanded on the upside during the four weeks through July 17 in Realty Trust Review's tabulation of market trends. The reversal extended consistently through the month, with the number of issues advancing on increasing volume with each week. Conversely the number and volume in declining issues fell during each week. For the month however the hugh selling in the week of July 26, which coincided with the Penn Central Transportation Co. bankruptcy reorganization filing, was too much to overcome and downside volume outweighed upside volume by a seven to five margin.

The Paine Webber index of trusts has traced a similar pattern, holding for their third time in the general area of its low of July 1969. Since this is a period in which the Dow Jones Industrials have fallen from the July, 1969 low of 788 to a late May low of 631, the year-long market action may mark the formation of a solid trading base. This probably reflects the market's commodity pricing attitude toward trust shares and the resultant refusal to pay significant premiums for various trusts. On purely technical grounds, it appears that this period is about to end and investors should begin to make increasingly sharp distinctions between trust managements as operating records come into focus.

### MOST ACTIVE LISTED TRUSTS

| | Sh. (000) | Close | Chng. | | Sh. (000) | Close | Chng. |
|---|---|---|---|---|---|---|---|
| Week of June 26 | | | | Week of July 10 | | | |
| North Amer. | 421 | 17 7/8 | - 3/4 | Diversified | x509 | 19 1/4 | + 1/8 |
| First Mtg. | 396 | 21 1/4 | -1 1/8 | Continental Mtg. | x385 | 13 1/2 | - 1/2 |
| Diversified | 380 | 20 1/2 | -2 1/4 | Prudent Res. | 178 | 6 1/2 | - 1/2 |
| Midland Mtg. | 329 | 11 1/4 | - 1/4 | Security Mtg. | 171 | 9 3/8 | + 1/8 |
| Republic Mtg. | 259 | 12 7/8 | -1 7/8 | Hubbard Realty | 170 | 19 1/2 | +1 3/8 |
| Average closing price: $16.75 | | | | Average closing price: $13.62 | | | |
| Week of July 2 | | | | Week of July 17 | | | |
| Atico Mtg. | 385 | 10 1/2 | - 1/8 | Continental Mtg. | 396 | 14 1/2 | +1 |
| Diversified | 370 | 19 5/8 | - 7/8 | North Amer. Mtg. | 256 | 19 | - 1/8 |
| North Amer. Mtg. | 231 | 17 1/2 | - 3/8 | Midland Mtg. | x222 | 10 1/4 | + 1/4 |
| Republic Mtg.. | 208 | 13 5/8 | + 3/4 | Prudent Res. | 217 | 8 3/8 | +1 7/8 |
| Atico Mtg. wts. | 189 | 1 7/8 | - 1/4 | Diversified | 206 | 19 5/8 | + 3/8 |
| Average closing price:$12.62 | | | | Average closing price: $14.35 | | | |

### WEEKLY TRADING TRENDS

| | -----6/26----- | | -----7/2------ | | ------7/10----- | | -----7/17------ | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cos. | Shares | Cos. | Shares | Cos. | Shares | Cos | Shares | Month |
| Up | 3 | 33,900 | 5 | 54,900 | 12 | 174,000 | 19 | 237,000 | 499,800 |
| Down | 20 | 318,700 | 18 | 216,900 | 12 | 119,900 | 6 | 44,800 | 700,300 |
| Unch. | 3 | 35,300 | 4 | 23,700 | 3 | 21,900 | 2 | 17,700 | 98,600 |
| TOTALS | 26 | 387,900 | 27 | 295,500 | 27 | 315,800 | 27 | 299,500 | 1,298,700 |

## TRUST STOCK QUOTATIONS

| Trust (quoted) | Shares (000) | Book Val. | -Dividend- Late | Ann* | -Latest earnings- Per. | EPS. | Ann.* | -Cash Flow+ | Price 7/17 | % Chng. | P/E Ratio* | Est. Yield* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Alison Mtg.-WSJ | 935 | 18.36 | 0.36 | 1.44 | Apr.Q | 0.36 | 1.44 | --- | 16.00 | + 0.8 | 11.1 | 9.0% |
| Am. Cent. Mtg.-ASE | 1,325 | 17.98 | 0.40 | 1.60 | Mar.Q | 0.43 | 1.72 | --- | 17.75 | - 4.7 | 10.3 | 9.0 |
| Am. Fletcher-OTC | 540 | 22.71 | 0.55 | 2.20 | Apr.Q | 0.57 | 2.28 | --- | 19.88 | + 1.3 | 8.7 | 11.1 |
| Am. Realty-ASE | 983 | 6.57 | 0.15 | 0.60 | Mar.Q | 0.16 | 0.64 | --- | 7.00 | - 6.7 | 10.9 | 8.6 |
| Assoc. Mtg.-ASE | 840 | 21.13 | 0.50 | 2.00 | Mar.Q | 0.78a | 3.12 | --- | 26.50 | + 1.0 | 8.5 | 7.5 |
| Atico Mtg.-OTC | 1,182 | 13.63 | 0.28 | 1.12 | Apr.Q | 0.29 | 1.16 | --- | 11.00 | -11.1 | 9.5 | 10.2 |
| Barnett Mtg.-OTC | 1,250 | | Offered 4/14/70 | | | | | | 16.25 | + 5.7 | --- | --- |
| Cam.Brown-WSJ | 1,750 | 23.01 | *0.52* | *2.08* | *JuneQ* | *0.54* | *2.16* | --- | x18.38 | -15.6 | 8.5 | 11.3 |
| Capital Mtg.-WSJ | 1,000 | 18.13 | *0.35* | *1.40* | *JuneQ* | *0.39* | *1.56* | --- | x15.63 | + 5.6 | 10.0 | 9.0 |
| Chase Man. Mtg.-OTC | 2,712 | 22.14 | Offered 6/4/70 at $25 adjusted | | | | | | 27.88 | + 3.2 | --- | --- |
| Citinat. Dev.-OTC | 400 | | Offered 4/8/70 | | | | | | 13.5k | - 5.3 | --- | --- |
| Citizens Mtg.-OTC | 1,407 | 13.66 | 0.24 | 0.96 | *JuneQ* | *0.26* | *1.04* | --- | 12.75 | + 2.0 | 11.0 | 7.5 |
| City Inv.-WSJ | 3,405 | 18.47 | 0.30 | 1.20 | Apr.Q | 0.30 | 1.20 | --- | 13.75 | + 1.9 | 11.5 | 8.7 |
| Colwell Mtg.-WSJ | 905 | 18.13 | 0.35 | 1.40 | Mar.Q | 0.38i | 1.52 | --- | 16.75 | + 1.5 | 11.0 | 8.4 |
| Conn.Gen.Mtg.-NYSE | 3,075 | 17.92 | 0.30i | 1.20 | *JuneQ* | *0.33i* | *1.32* | | 23.00 | + 7.0 | 17.4 | 5.2 |
| Cont.Mtg.-NYSE | 13,264 | 2.91 | 0.21 | 0.84 | *JuneQ* | *0.24* | *0.96* | --- | X14.50 | - 5.2 | 15.1 | 5.8 |
| Diver.Mtg.-NYSE | 5,355 | 18.75 | 0.39 | 1.56 | *JuneQ* | *0.43* | *1.72* | --- | X19.63 | - 6.9 | 11.4 | 7.9 |
| Denver REI-WSJ | 1,091 | 9.48 | 0.15 | 0.60 | Dec.Y | ---- | 0.60b | 1.18b | x8.13 | - 2.6 | f 6.9 | 7.4 |
| Fidelity Mg.-WSJ | 2,005 | 18.33 | 0.45 | 1.80 | Apr.Q | 0.51 | 2.04 | --- | 18.00 | - 8.9 | 8.8 | 10.0 |
| First Mtg.-NYSE | 3,707 | 12.23 | 0.39 | 1.56 | Apr.Q | 0.37a | 1.48 | --- | 22.13 | + 2.3 | 15.0 | 7.0 |
| First Union-ASE | 3,573 | 9.24 | 0.21 | 0.84 | Jan.Q | 0.135 | 0.54 | 0.90 | x10.00 | 0.0 | f11.1 | 8.4 |
| Franklin Rlt.-ASE | 910 | 10.78 | 0.19 | 0.76 | Mar.Q | 0.19 | 0.76 | NA | 9.13 | -10.9 | 12.0 | 8.3 |
| Fraser Mtg.-WSJ | 1,038 | 16.44 | 0.53 | 2.12 | Feb.Q | 0.445 | 1.88 | --- | x21.75 | - 3.1 | 11.6 | 9.7 |
| Galbreath-WSJ | 700 | 22.83 | 0.52 | 2.08 | *JuneQ* | *0.53* | *2.12* | --- | x23.50 | + 4.4 | 11.1 | 8.9 |
| General Mtg.-WSJ | 1,000 | 13.84 | *0.27* | *1.08* | Mar.Q | 0.25 | 1.00 | --- | 10.50 | - 2.3 | 10.5 | 10.3 |
| Goodrich Inv.-OTC | 1,000 | | Offered 4/8/70 at 11 | | | | | | 7.38 | - 1.7 | --- | --- |
| Gould Inv. Tr.-WSJ | 1,323 | | | | | | | | 5.00 | --- | f 4.2 | --- |
| Grt. Am. Mtg.-WSJ | 1,257 | 20.69 | *0.21* | *2.52* | Apr.Q | 0.60 | 2.40 | --- | 29.00 | - 6.5 | 12.1 | 8.7 |
| Greenfield RE-WSJ | 498 | 15.19 | 0.40 | 1.60 | Oct.Y | ---- | 0.99 | 1.93 | 16.25 | - 1.5 | f 8.4 | 9.8 |
| Guardian MI-ASE | Z1,200 | 23.30 | 0.47 | 1.88 | May Q | 0.66a | 2.64 | --- | 23.25 | - 9.3 | 8.8 | 8.1 |
| Hubbard REI-NYSE | 4,004 | 23.06 | 0.36 | 1.44 | Apr.Q | 0.42 | 1.68 | --- | 19.50 | - 3.7 | 11.6 | 7.4 |
| Kavanau RE-ASE | 1,389 | 3.94 | 0.15 | 0.60 | *Mar.Q* | *0.07* | *0.28* | *0.61* | 7.13 | - 6.7 | f11.7 | 8.4 |
| Larwin MI-WSJ | 2,005 | 18.60 | 0.38 | 1.52 | *June Q* | *0.43* | *1.72* | --- | 14.38 | - 8.0 | 8.4 | 10.6 |
| Lincoln MI-WSJ | 1,110 | 7.82 | Offered 3/19/70 | | | | | | 7.75 | -16.2 | --- | --- |
| Lomas & Net.-WSJ | 1,120 | 23.44 | *0.65y* | *2.60* | *JuneQ* | *0.65* | *2.60* | --- | 27.00 | -10.7 | 10.4 | 9.6 |
| Midland Mtg.-ASE | 1,640 | 11.57 | *0.33* | *1.32* | *JuneQ* | *0.33* | *1.32* | --- | x10.25 | - 8.0 | 7.8 | 12.9 |
| Medical Mtg.-WSJ | 1,345 | 24.12 | *0.50* | *2.00* | ----- | ---- | ---- | | x20.50 | + 7.7 | --- | 9.8 |
| Mobile Hm.Com-OTC | 1,063 | 8.49 | --- | ---- | Nov.Q | | 0.44 | 0.60 | 5.13 | - 4.7 | f 8.5 | --- |
| MONY Mtg.-OTC | 5,020 | 8.89 | Offered 4/14/70 | | | | | --- | 9.25 | + 8.8 | --- | --- |
| Mtg. Inv.Wash.-OTC | 1,016 | 13.53 | Offered 3/5/70 | | | | | --- | 11.75 | + 5.6 | --- | --- |
| Mtg. Inv.Gp.-WSJ | 2,480 | 18.43 | *0.45* | *1.90* | *JuneQ* | *0.48* | *1.92* | --- | 15.63 | - 3.8 | 8.1 | 12.2 |
| Mtg. Tr. Am.-WSJ | 3,148 | 18.59 | *0.45* | *1.80* | May Q | 0.49 | 1.96 | --- | x17.25 | - 2.3 | 8.8 | 10.4 |
| Mutual REIT-WSJ | 1,433 | 6.99 | 0.075 | 0.30 | Sept.Y | ---- | d0.01 | 0.28 | 2.88 | -14.8 | f10.3 | 10.4 |
| Nat.Mtg.Fd.-WSJ | 628 | 9.15 | 0.26 | 1.04 | May Q | 0.27 | 1.08 | --- | 8.75 | + 2.9 | 8.1 | 11.8 |
| Nat.Realty-ASE | 1,107 | 12.00 | 0.20 | 0.80 | Mar.Q | 0.12 | 0.48 | 0.96 | 9.38 | -10.9 | f 9.8 | 8.5 |
| No.Am.Mtg.-ASE | 3,853 | 12.93 | *0.46* | *1.84* | *JuneQ* | *0.46* | *1.84* | --- | 19.00 | + 0.7 | 10.3 | 9.1 |
| Palomar Mtg.-WSJ | 604 | 22.87 | 0.63 | 2.52 | May Q | 0.67 | 2.68 | --- | 24.50 | + 2.1 | 9.1 | 10.3 |
| Penn REIT-ASE | 1,122 | 8.36 | 0.40 | 0.80 | Aug.Y | ---- | 0.87 | 1.11 | 10.13 | - 1.2 | f 9.1 | 7.9 |
| Prudent Res.-ASE | 3,000 | 4.75 | Div. | Susp. | *JuneQ* | *0.02* | *0.08* | 0.80M | 8.38 | - 5.6 | f10.5 | Nil |
| REIT Am.-ASE | 1,567 | 21.02 | 0.33 | 1.32 | May Q | 0.39K | 1.56 | 1.46M | x18.75 | + 6.7 | f12.8 | 7.0 |
| Realty Inc.Tr.-ASE | 1,216 | 14.84 | | 1.32 | Apr.Y | ---- | 1.32 | --- | 10.63 | -11.4 | 8.1 | 12.4 |
| Repub. Mtg.-ASE | 1,678 | 17.90 | 0.40 | 1.60 | *JuneQ* | *0.44* | *1.76* | --- | 15.63 | + 4.2 | 8.9 | 10.2 |
| Riviere Rlty.-OTC | 783 | 9.26 | --- | *0.88* | Dec.Y | ---- | 0.57 | 0.79 | 7.13 | - 3.4 | f 9.0 | 12.4 |
| Saul (B.F.)-WSJ | 3,530 | 10.54 | 0.27 | 1.08 | Mar.Q | 0.28 | 1.12 | --- | x12.50 | - 9.6 | 11.2 | 8.6 |

| Trust (Quoted) | Shares (000) | Book Val. | -Dividend- Last | Ann* | -Latest earnings- Per. | EPS | Ann.* | Cash Flow | Price 7/17 | % Chng. | P/E Ratio* | Est. Yield* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Security Mtg.-ASE | 3,278 | 8.77 | 0.21 | 0.84 | May Q | 0.20 | 0.80 | --- | 9.50 | +13.6 | 11.9 | 8.8% |
| Sutro Mtg.-ASE | 1,734 | 14.62 | 0.35 | 1.40 | *JuneQ* | *0.38* | *1.52* | --- | 14.13 | - 2.6 | 9.3 | 9.9 |
| Unionam.MI-OTC | 1,255 | 18.70 | *0.35* | *1.40* | *May Q* | *0.35* | *1.40* | --- | 14.75 | - 5.6 | 10.5 | 9.5 |
| Universal-OTC | 1,000 | 4.34 | Div. | Susp. | Dec.Y | ---- | d0.07 | --- | 2.25 | + 5.9 | def. | Nil |
| U.S. Realty-ASE | 2,367 | 9.96 | 0.35 | 1.40 | Mar.Q | 0.21 | 0.84 | 1.44 | 15.50 | - 9.5 | f10.8 | 9.0 |
| Wachovia RI-WSJ | 3,340 | 18.31 | 0.47i | 1.88 | | ---- | | | 18.13 | - 5.8 | --- | 10.4 |
| Washington REIT-WSJ | 765 | 8.35 | 0.20 | 0.80 | *Mar.Q* | ---- | *f0.28* | *1.12* | 8.63 | - 1.4 | f 7.7 | 9.3 |
| Western MI-WSJ | 1,000 | 8.85 | 0.12 | 0.48 | May Q | 0.14 | 0.56 | | 4.88 | + 2.6 | 8.7 | 9.8 |

## WARRANTS

| Trust | Exercise terms | Price | Conv. Premium |
|---|---|---|---|
| American Fletcher | $25 - 1/31/75 | 3 1/4 | 42.1 |
| Atico Mtg. | $15 - 12/31/74 | 2 1/8 | 55.7 |
| Barnett Mtg. | $20 - 4/1/80 | 3 | 41.5 |
| Cameron-Brown | $25 - 11/15/76 | 2 3/4 | 51.0 |
| Capital Mtg. | $20 - 11/25/74 | 3 1/8 | 48.0 |
| Citinat. Dev. | $20 - 4/15/75 | 2 7/8 | 69.4 |
| Citizens Mtg. | $15 - 12/10/74 | 2 3/4 | 39.2 |
| City Inv. | $20 - 12/1/74 | 2 3/8 | 62.7 |
| First Mtg. Inv. | $11 1/4-12/15/77 | 9 1/2 | - 6.2 |
| Midland Mtg. | $12 1/2-9/30/74 | 2 5/8 | 47.6 |
| Mobile Home Comm. | $10 - 8/26/74 | 1 3/8 | 121.7 |
| Mtg. Inv. Group | $20 - 4/2/74 | 3 3/8 | 49.6 |
| Mtg. Inv. Wash. | $15 - 3/5/75 | 2 1/4 | 46.8 |
| Mtg. Tr. Amer. | $19 - 11/6/74 | 4 1/8 | 34.1 |
| No Amer. Mtg. | $24 - 12/1/74 | 5 | 52.6 |
| Republic Mtg. | $20 - 6/30/74 | 3 3/4 | 52.0 |
| Unionamerica Mtg. | $20 - 12/31/74 | 3 3/8 | 58.5 |
| Wells Fargo 1/2sh. | $20 - 7/1/74 | 1 3/4 | 34.3 |

## CONVERTIBLE DEBENTURES

| Issuer | Conv.@ | Price | Cur. Yield | Int. Cov.* |
|---|---|---|---|---|
| Amer. Century 7s '90 | 21 | 82 | 8.54 | NR |
| Amer. Realty us1984 | 13 | 59 | 11.86 | NR |
| Assoc.Mtg. 6 1/2s'83 | 22 | 114 | 5.71 | 3.13 |
| Chase Man. 6 3/4 '90 | 26 1/4 | 106 | 6.36 | NR |
| Conn. Gen.(N.Y.) 6 3/4'90 | 22 | 101 | 6.49 | NR |
| Cont. Mtg.(NYSE) 6 1/4'90 | 22 1/4 | 79 | 7.91 | 1.85 |
| Diver. Mtg. 6 1/2s '89 | 23 | 82 | 7.93 | 4.59 |
| First Mtg. (N.Y.) 6 3/4'85 | 24 | 94 1/2 | 7.14 | 1.52 |
| Frank Rl.(ASE) 7s'89 | 10 | 90 | 7.78 | f1.36 |
| Guardian Mtg.(ASE)8s | 25 | 94 | 8.50 | 2.03 |
| Mony Mtg. 7s'90 | 11 | 90 | 7.78 | NR |
| Mtg.Inv.Wash. 8s'90 | 15 | 90 | 8.89 | NR |
| Pennsylvania 6 3/4'84 | 14 | 69 | 9.78 | f1.29 |
| Pennsylvania 6 1/4'79 | 12 1/2 | 75 | 8.34 | f1.29 |
| US Rlty.(ASE)5 3/4'89 | 5 1/4 | 63 7/8 | 9.01 | f1.55 |

Earnings and dividends reported during the past month are italicized.
*Q-Quarter; H-Half year. Dividends and earnings are annualized by appropriate multiplication of latest quarter without seasonal adjustment. Annualized trust dividends and estimated yields are not to be construed as guaranteed annual rates, since trust dividends depend upon current earnings and are subject to change. +Operating income plus non-cash charges less mortgage amortization. a-Fully diluted. b-Before capital gain of $0.07/sh. c-Bid on stock not traded. d-Deficit. e-Before capital gains of $0.14/sh. f-Based on cash flow as defined. i-Initial quarter, may be less than full 90 days. k-Before capital gain of $0.67/sh. m-For latest fiscal year. NR or NA-Not reported or not available. x-Ex dividend during month. Y-Plus $0.22 special. z-Estimated after conversion on June 30. Quotations: Closing prices on listed stocks, bid prices on issues quoted in Wall Street Journal daily (WSJ) or OTC, other over-the-counter issues supplied by William Harman. - Evans & Co., Members NYSE. *Convertibles: *Increases to $17 on Feb. 14, 1973. **Interest coverage, or ratio of earnings to interest expense. For mortgage trusts, net income is added to interest expense and the total divided by interest expense. For equity trusts, marked "f", the ratio denotes cash available to total fixed charges and is the total of net income, depreciation and interest expense, divided by the totalof debt amortization and interest expense.*

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